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THE INFLUENCE OF FOREIGN RETAIL INDUSTRY TO CHINA'S RETAIL IN- DUSTRY

Case Company Wal-Mart

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TIIVISTELMÄ

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Sen jälkeen kun Kiina liittyi Maailman kauppajärjestöön (WTO), ulkomaalaisten laajamittaisten vähittäiskauppojen tulo Kiinan markkinoille on kiihtynyt ja tämä on vaikuttanut Kiinan kotimaan vähittäiskauppaan eri asteilla. Tässä opinnäytetyössä analysoimalla Wal-Martin kokemuksia, voi löytää viittauksia Kiinan vähittäiskauppaan.

Päätavoitteena on analysoida heikkouksia ja ongelmia, jotka esiintyvät Kiinan vähittäiskaupassa ja sitä minkälainen vaikutus ulkomaan vähittäiskaupalla on siihen. Ulkomaan vähittäiskaupan vaikutus Kiinan vähittäiskauppaan ja ongelmat Kiinan teollisuudessa on esitetty teoriaosassa. Yleiskatsastus ulkomaan ja Kiinan vähittäiskaupan kehityksestä on esitetty helpottamaan aiheen ymmärtämistä.

Tutkimus on toteutettu eri menetelmien avulla. Kvalitatiivinen menetelmä on toteutettu haastattelujen avulla, ja lisäksi on käytetty sisällönanalyysiä sekä vertailumenetelmää. Päätelmäosassa löytyy tutkimuksen tulos, joka osoittaa ongelmat Kiinan vähittäiskaupassa sekä ehdotukset näiden ongelmien ratkaisemiseksi.

Tutkimuksen tulos osoittaa, että ongelmat Kiinan vähittäiskaupassa ovat puute paikallisista erityispiirteistä, alhainen määrä omia ketjuja, heikompi logistiikkahallinto, heikompi liiketoiminnan hallinto ja alhainen voitto. Ulkomaan vähittäiskauppa on vaikuttanut Kiinan vähittäiskauppaan kuudessa eri osassa; monipuolistaminen, toiminta, organisaatio, logistiikka, myyntipisteen ulkoasu ja moderni hallinto. Lopuksi, ehdotuksia kuinka ratkaista nämä ongelmat, SWOT-analyysi ja haastattelujen tulos on esitetty antamaan parempi ymmärrys tutkimusongelmasta.

ABSTRACT

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Since China joined the WTO, foreign large-scale retail trade has accelerated the pace of entering the Chinese market and many of China's domestic retail businesses have subjected to different degrees of impact. Since 2002 successfully won the first place of the world top 500 companies, Wal-Mart almost firmly secured the first throne of the world. In the just-released 2014 the world top 500 list, Wal-Mart is still ranked first. A retail business can beat a lot of enterprises ranked number one, but it must have its many unique success factors. This thesis, by analyzing the success of Wal-Mart's experience, provides some reference to China's retail industry.

The main objective of this thesis was to analyze the weaknesses and problems occurred in China's retail industry and the influence of foreign retail industry to China's retail industry.

In the theoretical study, the thesis explained the influence of foreign retail industry on to China's retail industry and the problems faced by China's retail industry. The overview of the foreign and China's retail development is provided for a better understanding of this topic. The research method used was a mixed research method. The qualitative method was presented as an interview. Also the case analysis method and the comparison method were used in this paper.

The results of the study showed that the problems in China's retail industry are lack of local characteristics, low rate of self-brand chains, relatively backward logistics management, relatively backward business-operating management and low profit. The foreign industry has influenced China's retail industry in the following six ways, diversification, operation, organization, logistic, outlet layout and modern management. At last, suggestions for solving these problems were given in the conclusion part of the paper. The SWOT analysis and the result of the interview are provided for a better understanding of the research problem.

Keywords	China's Retail Industry, Foreign Retail Industry, Wal-Mart
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1 INTRODUCTION

In the background of the trend of economic globalization continuing to strengthen, large foreign retailers accelerate the pace of entering into the Chinese market. Their presence, on one hand, has brought advanced management ideas and management methods to the Chinese retail enterprises, on the other hand, they also have a huge influence in Chinese retail enterprises. By analyzing the impact of foreign retailers after entering the Chinese market, this thesis can provide some ideas on how to deal with foreign retail and how to improve the problems in China's retail industry.

Wal-Mart Department Store Co. Ltd. after 50 years of development, has become the world's largest private employer and retailer, repeatedly topping the magazine "Fortune" Global 500 list. The company was elected as one of the most valuable brands in the world.

Foreign retail industry has influenced China's retail industry in five aspects. They are diversification, operations, organization, logistics and modern management. Wal-Mart is as an example to analyze.

The problems in China's retail industry include the following aspects, lacking of local characteristics, low rate of self-brand chain, relatively backward logistic management, relatively backward business-operating management and the low profit of suppliers. By analyzing the success of Wal-Mart's experience, this thesis provides following suggestions. By innovating business conditions, large shopping centers to suburbanization, making brand bigger and stronger, making sure the competitive advantages and developing logistics and other aspects of the development of China's retail industry.

The topics of study will use a combination of qualitative and quantitative study methods to analyze on the China's retail industry to foreign retailer the influence and inspiration.

2 THEORETICAL FRAMEWORK

2.1 Overview of the foreign and China's retail development

In this part, an overview of the China's retail industry development will be given in detail together with an overview of the foreign retail industry.

Lately a foreign retail boom has entered a rapid development period in China's retail industry. From the developments since 2010, the construction of the city's department stores was much faster than the growth rate of real purchasing power of residents. In the cities, with the rapid growth of the annual sales more than 100 million yuan shopping malls, as well as a considerable number of construction or preparation of large retail stores and outlets. (Jingtao & Muzhi, 2010, P53)

Currently, the department stores, chain stores, supermarkets, convenience stores, specialty stores, warehouse stores as different business forms with their different characteristics to attract consumers, squeeze the market share. While the market shared large-scale department stores has been shrinking in the recent years, gradually losing the dominant position as the first retail formats, but as "urban showcase" the department store business in improving the taste, to meet individual needs. However, it still is not irreplaceable. Since the reform and opening up of China, the pace of development in the Chinese have accelerated specialty noticeably. Since the 1990s, small convenience stores began to develop in China. Currently, Shanghai is the representative of the fastest growing convenience store. (Jingtao & Muzhi, 2010, P57)

Since the 1990s, the development trend of globalization of the world economy has become increasingly evident. With the accelerated process of economic globalization, global sales services have gained tremendous development, and sales services as a basis of retail services, in the past 20 years has undergone profound changes. (Walton & Huey, 2012, P127)

In the background of a global buyer's market, relying on a strong international retail marketing network, technology and capital strength, international retail enter-

prises have gradually taken control of the most of the world in the field of consumer products. For example, Wal-Mart, the world's largest multinational retailer, industrial investment and holding enterprise, amounted to more than 100,000. At the same time, since the 1990s and especially after 2010, foreign retail chains have accelerated the process of developing chain supermarkets. Several foreign retail giants such as Wal-Mart, Carrefour and etc. are using chain supermarkets as their main format. In some rapidly developing countries, chain stores have gradually become the main format of retail industry development. (Zhu & Yin, 2011, P86)

2.2 The influence of foreign retail industry to China's retail industry

2.2.1 Diversification

Multiple levels of consumer demand and the diversification of forms of retail services put a higher demand on the comprehension of the services, which will inevitably lead to diverse retail formats.

Using the Wal-Mart in US as an example. There are four major retail formats. First, for a large supermarket chain based on the distribution centers, mainly forming a regional business network through multiple supermarket distribution centers. The second is making a large supermarket as the center, forming a connection of many large-scale stores in urban fringe areas or next to a motorway. The third kind is a large department store that includes catering, entertainment and accommodation as an integrated shopping mall. The fourth, the business networks of small and medium retail supermarkets, convenience stores, discount stores, specialty stores and the like. (Li, 2006)

The majority of retail companies use a multi-format mode of operation. Affected by the foreign retailer's diversified-retailing, China's large retail enterprises have gradually developed from one format to two to three kinds of formats, and some companies even while conducting business in five formats. (Miao, 2010)

2.2.2 Operation

Since the 1990s, the process of traditional retail chain has been significantly faster. Several giants in the world of retail, such as Wal-Mart, Carrefour and other supermarket chains are its main format. In some developing countries, the rapid development of chain stores has gradually become the main format of retail development. Since 1995, the average growth rate of chain stores in China in more than 70%, the supermarket chain is one of the most dynamic areas of Chinese business. (Miao, 2010)

The development of the chain supermarket format gradually steers the retail business enterprises toward a centralized, group. Affected by the international retail environment, the scale of China's retail industry is increasingly prominent, which is manifested in. Chinese large-scale retail enterprises, especially in large supermarket chains, which can have centralized bulk procurement, get price concessions from suppliers in low-cost purchase; various branches of commercial facilities through harmonization and standardization to reduce costs; large retailers rely on the strong financial resources which small businesses can not afford to expand market research, advertising, product development activities and so forth.

2.2.3 Organization

With the expansion of the retail business, the organizational structure of Western retail trend is centralized. A centralized business organization developed, which means that the dominant commercial enterprises are becoming bigger. Also, the economies of scales can be achieved.

This has prompted companies to strengthen self-discipline, to ensure product quality and service levels, and can further enhance the competitiveness of enterprises. With advanced foreign retail companies the leadership of our retail organizational structure also has experienced qualitative change. Significantly the expanded size of the retail business, but industry concentration and firm size still cannot be compared with the developed countries. America's largest retail company, "Wal-Mart" has more than 6,000 stores in the world. In 2013 the annual sales

reached more than \$ 135 billion. The largest commercial enterprises in Shanghai, the First Department Store, had annual sales of just over 240 billion yuan. The two most famous supermarkets brands in Shanghai "Lianhua Supermarket" and "Hualian Supermarket" has about 3500 chains after the completion of the reorganization. (Miao, 2010)

2.2.4 Logistics

Changes in the operations and enterprise-scale expansion of formats make commercial enterprises in commodity production and circulation of the status and function of important changes. The range of business activities from the field of logistics extends to productions. It plays a guiding, organization of production, and even creating consumer demand leading features. Retail business flow, logistics organization by wholesale and retail to wholesale integration of separate production, processing and sales of integrated, highly organized transition. (Jin & Wang, 2012)

Business Enterprise Group procurement centers in charge of product development, design, sends the material, order and bearing the market risk management products. For example, Wal-Mart Group's product design center has more than 100 professional designers, from the choice of materials, modeling, production technology, advertising, until the counter displays, the complete set of design development of content, and presented in which national, regional production and processing the lowest cost, when the market. In fact the product design, production, processing, marketing strategy, business methods are included. (Richard & Steve, 2010)

At the same time, China's retail industry also started the process leading to logistics. For example, China's top-ranked large retail chains have set up their own merchandise distribution centers. Today's commodity finance, wholesale and retail distribution centers, business flow and logistics as one, forming a central role in the new business. It is a set of procurement, delivery, distribution and service of multifunctional service agency, is a concentrated expression of the business scale and efficiency benefits. For example, the Chinese big business supermarket food

distribution center, every night can do zero inventory, to ensure that it is not responsible for stock picking in the supermarket every day, no stock, no backlog, so that consumers can buy fresh produce.

2.2.5 Modern management

Large-scale application of modern science and technology in business management is a competitive advantage of enterprises. Business in developed countries is the most broad market of new technology products, not only improving the business management level and also adapting to the fierce competition in the fast-paced, speed up capital, goods inventory turnover. Hi-tech modern business applications are mainly the following areas: information, communication and information processing technology. (Li, 2011)

The advanced management technology of foreign retail industry has been widely used in China. In addition, China's retail industry has also built a modern distribution center, including a modern sorting technology, transmission technology, stacking technology, the formation and distribution of modern and efficient technology portfolio; automatic sensing technology. Such as monitoring, camera, alarm system, widely used modern latest technology. Such as large supermarket business as a salesperson in the theft detection problem, a miniature video camera lenses all day; packaging technology. It requires a solid security, beautiful light. From the shape, decoration materials processing are required to use the latest technological achievements. In addition, food preservation, sterilization, drying and other technologies are widely used. (Zhu, 2011)

2.2.6 International

With economic globalization and regional economic integration trend, retail international development trends are becoming evident. On the one hand, with the advancement of services trade liberalization, many countries of foreign investment into the country retail trade are deregulated, as retail internationalization removed barriers; on the other hand, globalization is increasingly becoming an international procurement center retail giant reduce costs and obtain greater profit margins of

the major means. Most of the world's top 200 companies in the retail industry has a place of business in two or more countries. Currently, the retail internationalization mainly for the following forms: shop location internationalization (i.e. retail enterprises in foreign wholly owned, joint venture or cooperation, etc. open branches in order to achieve international), international commodity supply (i.e. retail businesses from abroad procurement of goods and to domestic sales), the internationalization of capital (i.e. retail enterprises raise funds in overseas markets, and then related to domestic corporate finance or other investments in overseas activities to achieve international), international credit cards (i.e. by issuing credit card use abroad and internationalization), an international non-retail business (i.e. retail enterprises operating overseas non-retail business and to achieve international) through the like. (Michael & Dalia, 2010)

Under the background of China's "going out" strategy, large-scale retail enterprises have accelerated the process of internationalization of our country. In the August of 1999, Tiankelong's selection in Moscow with 6,000 square meters of supermarket business, in the form of chain store business overseas, marking the Chinese retail enterprises begin the process of internationalization. (Zhu, 2011)

By the end of June 2003, Lianhua established Lianhua European companies in the Belgium. Then in May 2004, Shanghai Xintiandi opened a shopping center in the most prosperous in Osaka, Nihonbashi Chuo-ku Japan. In December 2006, Beijing Hualian Group purchased 400 million dollars on merging Singapore Western Stores. (Zhu, 2011)

Now as international competition is mounting, international retail business has become an important issue. International retail divided into active and passive internationalization two. And certainly, at this stage of international retail enterprises are passive, international levels gauche. At the same time, our international retail business also suffered some of own bottlenecks.

2.3 Problems in China's retail industry

2.3.1 Large-scale supermarkets lack of local characteristics

In China, the business models of retail industry are based on the hypermarkets mainly department stores, groceries and fresh food. The similar types of goods and the similar brands make no difference in the quality of goods and the operation methods. This leads to that the price of the commodity is the only criterion when the customers are shopping. At the same time this phenomenon has forced supermarkets to "price war" trying to squeeze supplier profit, and show a "lower than" phenomenon in commodity pricing and promotion, rather than improve competitiveness through customer market positioning and operating characteristics and other means. Therefore, under the competition of foreign supermarket's strong distribution system and management tools, it is difficult for the local supermarket to compete with. So that China supermarket retailing is dominated by large multinational retail enterprises development direction and voice of the industry, the long-term development of national retail trade had a very negative impact. (Zhu, 2011)

2.3.2 Extensive management and lack of talent

Corresponds to the low profit margins, operating costs are high and profitability is low. High operating costs attributable to their higher cost of sales and administrative costs (average operating fee of domestic retail business was 30%, while the cost was 16% of Wal-Mart), and slow the flow of goods, high inventories and low levels of procurement and distribution of stock and other issues. (Min & Wang, 2011) Original retail enterprise management models and methods cannot meet the needs of modern competition and development.

The fundamental reason of the high operating costs is lacking of retail management talent. On one hand, the scale expansion of domestic retail business forms a huge demand for middle-level management personnel. In the face of strong demand, the supply of qualified management personnel situation is very grim. Low profit margins also lead to lack of business development funds, resulting in do-

mestic enterprises stretched in personnel training. On the other hand, foreign retailers in China management team to implement localization, but also with China's domestic retail industry to expand the war for talent, a lot of good employees into the foreign retailers, resulting in potential retail store cannot effectively manage personnel.

Without qualified management personnel will inevitably bring greater risks for the expansion in Chinese retail business, and even affect the Chinese retail industry's development and progress.

2.3.3 Low rate of self-brand chain and low level of informationization management

Compared with the household appliance industry, the chain-levels in China's commercial retail enterprises are low. For example, in department stores, only Beijing Wangfujing Group has achieved the goal of the national wide chain. But many other well-known local large chain department stores have failed to achieve large-scale operations in the country, only to realize a small chain in a limited area. About the supermarket, the domestic supermarkets also facing the same dilemma, although in recent years through mergers and acquisitions emerged a few large local retail groups, but whether the chain size or market concentration cannot be compared with foreign large retailers. (Min & Wang, 2011)

At present, China's top five supermarkets, and its total sales accounted for only 22.5% of total supermarket sales. The annual sales of the leading retail industry enterprise, Shanghai Bailian, was about 87.1 billion yuan in 2007, while the Wal-Mart's sales was about \$ 378.8 billion US dollars over the same period, the annual turnover of Shanghai Bailian equivalent to only 12 days of sales of Wal-Mart. (Jing & Wang, 2012)

In marketing, the majority of the low level of standardization of local retailers, the management is fragmented, with no unified logistics support system and distribution centers. Vast majority of supermarkets rely on suppliers to provide logistics support, makes it difficult to achieve unified deployment varieties.

In terms of informationization management, levels of electronic information are low in most supermarkets. Supply linkage between sales and back-office cannot be achieved internal the supermarket store, resulting in the deployment and inventory replenishment system lags behind. In 1987, Wal-Mart has had its own commercial satellites; the establishment of a complete information management system, to enhance Wal-Mart's management has played an important role. Informationization management lags behind in China's retail industry has also led to labor intensive management, thus increasing labor costs, also the level of corporate earnings decline. The current average profit margin rate of China's retail business is less than 2%, while the average profit margin of large foreign retail enterprises reached 3.4%. We should quickly improve informationization management level of our retail business, thereby enhancing the overall competitiveness of retail. (Li, 2011)

2.3.4 Retail enterprises rely on squeezing the profit of suppliers to achieve expansion

Despite the entering of the international retailers has brought advanced retail concepts to China, but also bring some serious problems. Carrefour as the representative of large multinational retail companies, with its outsize influence in the retail sector, through various fees charged into the store fees to suppliers maintain their own retail cheap instead squeeze suppliers' profit. Because these large supermarkets have strong brand effect and have a good reputation among consumers, so the suppliers have a certain degree of monopoly and influence. This simple and efficient profit model Carrefour bring substantial benefits, and produce a strong demonstration effect, and has become a common phenomenon in the retail sector, but also caused serious consequences. (Song, 2012)

Compared with the United States and other foreign retailers, the most fatal problem is the retail business has been largely "self-inflicted mutilation", although they have the name of commercial retail, but they even "do not do business." Many companies have neither the funds for buying and selling, nor buyers' teams, no buyout business and no own brand, basically have departure from the business

of the original meaning. Department stores and supermarkets are no longer committed to improve their management level, to profit from the rental counter, lead plant into the store, etc., entirely by virtue of the various rents and fees charged to implement "parasitical existence." Currently, the total various fees received from suppliers of the department stores and supermarkets in retail industry accounted for 30% -40% on average supplier payment, this phenomenon not only greatly damages the interests of suppliers, against the development potential of the manufacturing sector as a whole, but also means the loss of the most basic capacity in business as a commercial business operations. (Song, 2012)

2.3.5 Menacing foreign retail giants

In addition to the competitiveness of China's local retailer is not enough, another challenge the local retail industry facing is that after 10 years of development, foreign giants in China have begun to take shape, have laid the foundation for the after development of the retail industry to large-scale expansion. Policies for the protection of the domestic retail market are coming to an end, the pace of expansion of foreign trade inevitably speed up. They are turning to the rapid expansion of large-scale distribution from entering the period.

For rapid expansion of foreign of retail, worthy of our attention is foreign retailers the dumped strategy. Lang said in the report, foreign retailers to exploit its size and global sourcing platform to reduce the cost of goods. Wal-Mart, for example, they direct purchase from the supplier (manufacturer), the use of procurement scale acquisition procurement cost advantage. Wal-Mart's sales strategy is not going through any intermediate circulation, eliminate unnecessary logistics costs, and organized a cost-efficient supply chain security system that can provide cost-effective goods to customers. (He Canfei, Li Yan & Yin Wei, 2011)

This high efficiency foreign retail strategies and retail-dumping strategy complement each other have quickly occupied most parts of Chinese market. In addition, some local governments, in order to complete the task, they focus on attracting investment, even though selling the prime location in the city to foreign retail enterprises. They hold the attitude as 'opened its doors to take cross-border retail

trade' and 'never say no'. Even bypassing the provisions of the former State Economic and Trade Commission, unconditionally assisting open the foreign retail to open branch stores widely and giving foreign retailers "super-national treatment" on taxation, business, credit and other aspects. These actions contributed to the foreign retail giants up camp's speed over Chinese land so that domestic retail trade remaining passive. (He Canfei et al., 2011)

3 INTRODUCTION OF THE CASE COMPANY- THE WAL-MART

3.1 Products and services in China

In 1996, Wal-Mart entered China. As at April 30, 2014, Wal-Mart has opened more than 400 stores in China. China Wal-Mart's products generally are mainly livestock, aquatic products, fruits and vegetables, food, general food, groceries, daily necessities, and household appliances. In customer service, China Wal-Mart offers free parking, cuisine, free advice, hire professionals to do the guide, business centers, delivery services. Mall less than a dozen of its own brand, a common wish to clean, the benefits should, Simply Basic, Select Edition, Penman's, Kid Connection, Mainstays, 725 Originals, Energizer and the like. A comprehensive set of products, combined with attentive service makes Wal-Mart in China has been considerable developed. (<http://www.wal-martchina.com/english/walmart/index.htm>)

3.2 Products and services overseas

Similar to China, Wal-Mart in foreign offers basically livestock, aquatic products, fruits and vegetables, food, general food, groceries, daily necessities, and household appliances. In customer service, such as foreign Wal-Mart also offers free parking, cuisine and free advice, hiring professionals to do the guide, business center, delivery service. In addition, the township shop and the cheap price are also the features of foreign Wal-Mart.

4 RESEARCH METHODOLOGY

4.1 Research Methods

The research methods in this paper are both qualitative method and the quantitative method. The qualitative method will be given as an interview. And the quantitative method is used as the questionnaire. Also case analysis method and comparison method will be use in this paper.

The topic will be on the analysis of relevant cases, find and summarize the theoretical point of view. In the retail industry to enrich and improve China's retail industry to foreign influence and inspiration at the same time, concerned about the actual use of relevant influence and inspiration, enhance practical significance of the article.

The paper will make comprehensive use historical method, observation method and interviews and other scientific methods, on China's retail system, thorough understanding. And survey data collected for analysis, synthesis, comparisons, induction, which summed up the regularity of knowledge.

Comparative research methods will provide a broader vision in researching and solving specific problems. Chinese retail development and the developed countries there is still a wide gap. Comparison, analysis, absorb and learn from the experience of other countries in the development of related systems or regions will help to apply to different ways of thinking in the analysis in this paper, the analysis of China's retail industry to foreign retail Influence and Inspiration providing more angle for reference.

Questionnaires are designed for the employees who work on Wal-Mart to answer. Questions about the marketing and managing will be given in the survey, which can make better to understand the advantages of the Wal-Mart.

4.2 Reliability and Validity

In doing the questionnaire, the most important is the reliability and validity of the questionnaire. If a questionnaire designed unable to effectively investigate the various factors involved in the questionnaire, then a series of work we have done for the survey sampling, surveys, analysis, conclusions also nothing. So how do we design a questionnaire to test the effectiveness of it? Reliability analysis was to evaluate whether the questionnaire with the stability and effective method of reliability.

Reliability refers to the credibility of the questionnaire. It is mainly manifested consistent test results, consistency, reproducibility and stability. A good measuring tool, the same thing repeated measurements, the results should always remain the same before the letter. For example, we use a ruler to measure the height of a table. Today and tomorrow measuring height measurements have different heights. We would doubt this ruler. Therefore, a well-designed questionnaire should have its reliability and effectiveness.

A survey questionnaire is a method widely used in education and research. According to the purpose of the survey questionnaire is designed questionnaire to obtain information tools, the quality level of the findings of authenticity, applicability decisive role. In order to ensure the questionnaire has high reliability and validity, before the formal questionnaire, the questionnaire should tests have been performed, and the results of the test measurement reliability and validity analysis, screening questionnaire questions of the analysis results, the questionnaire structure adjustment to improve the reliability and validity of the questionnaire. The method of reliability and validity analysis include logic and statistical analysis.

(Du, 2013)

Reliability refers to the degree of consistency using the same method on the same object when the results of repeated measurements. Reliability index correlation coefficient indicates more can be broadly divided into three categories: stability coefficient (consistency across time), the equivalent coefficient (across form of

consistency) and internal consistency coefficient (consistency across projects).
(Muzhi & Jingtao, 2010, P54)

- Stability coefficient (consistency across time),
- The equivalent coefficient (across form of consistency)
- Internal consistency coefficient (consistency across projects)

Validity refers to the degree of measurement tools or instruments needed to accurately measure the things measured. There are three types of validity: content validity, criterion validity and construct validity. Validity of a variety of methods, the measurement results reflect the different aspects of validity. Commonly used in the questionnaire validity analysis methods are the following. (Du, 2013)

- Individual and the sum correlation validity analysis
- Criterion validity analysis
- Construct validity

5 EMPIRICAL FRAMEWORK

5.1 Interview results

To make this thesis more reliable, the author visited a number of Wal-Mart supermarkets around Wuhan and its surroundings. There are seventeen questions in this questionnaire. The questions include marketing, management, logistics, food fresh and corporate culture. The questionnaires are designed for the employees working at Wal-Mart. The total number of the questionnaire's given out is 30, 16 valid questionnaires were collected and in the following is the results of the survey are introduced.

An interview refers to work by analysts and employees' face-to-face communication, better understanding of the work of the staff to get job analysis job information. Specific practices include individual interviews, group interviews and executive employees the same kind of job interviews.

The advantages of the interview survey method are that it is flexible, accurate and in-depth. Interview Survey is based on interviews with the members to be investigated, in oral form; the respondents raise questions about them, the reply by the respondents to collect objective factual material.

The aim of the interview is to know about what the staff at Wal-Mart thinks about their company. In operating practice, this is an important area because so you can learn about the internal of the company. The passion of the workers can influence many things at one enterprise. The questions are designed from many aspects, such as logistics, marketing, enterprise culture and also the satisfaction of the company. Those questions are related to the answers of solving the problems in Chinese retail industry.

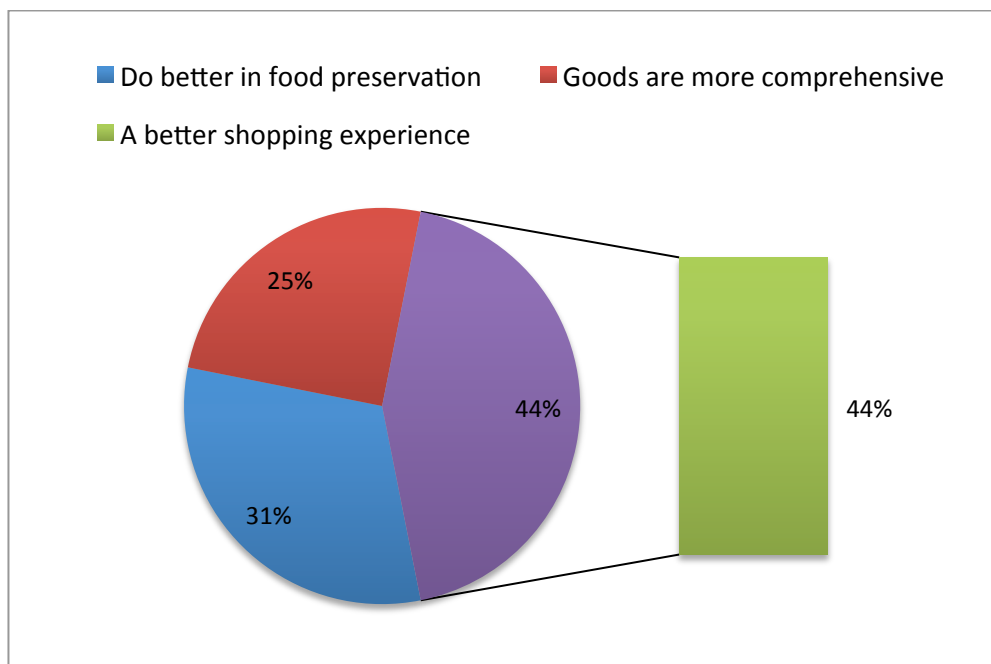


Figure 1. Which are the reasons you think customers choose Wal-Mart instead of another supermarket?

In the design of the question one, the aimed was to get the reason from the staff members at Wal-Mart, their own opinions about why consumers would like to choose Wal-Mart as their destination instead of other supermarkets. In the Chinese food market, there are a lot of choices, and many people also go to the food markets instead. Therefore the reasons of why they choose Wal-Mart are important to analyze. To strengthen one market or even to develop one, it is essential for a retail company to know what their customers like and what their customers want.

As for the result of this problem, among the Wal-Mart employees who participated in the survey, 31% stated that Wal-Mart is better in food preservation than the other supermarkets; 25% mentioned that Wal-Mart's goods are more comprehensive than in the other supermarkets; there are 44% mentioned a better shopping experience at Wal-Mart. The employees' answers indicate that they think most customers pay attention to the shopping experience the most. People are getting a better life than before; prices are no longer the only thing they care about. This indicates that if one retail enterprise wants to stay steadily in the Chinese market, low-prices are not enough. Companies should pay attention to the envi-

ronment and the services they provide to the customers. In one hand, you have low-priced products, which will attract many customers, but the key point is how to keep these customers, how to prove the loyalty to your brand. The result indicates that comprehensive products selection also important to customers. Not only the price war can win the market, but also the quality of the products.

In addition, the food preservation is a key point, too. It also relates to the quality of the food and the food safety. Health is a hot issue in society, and what the suppliers do in food safety is not only about the benefit but also their ethic in business. The employees' answers show that the employees inside Wal-Mart are conscious of the marketing demands and they have ethical business.

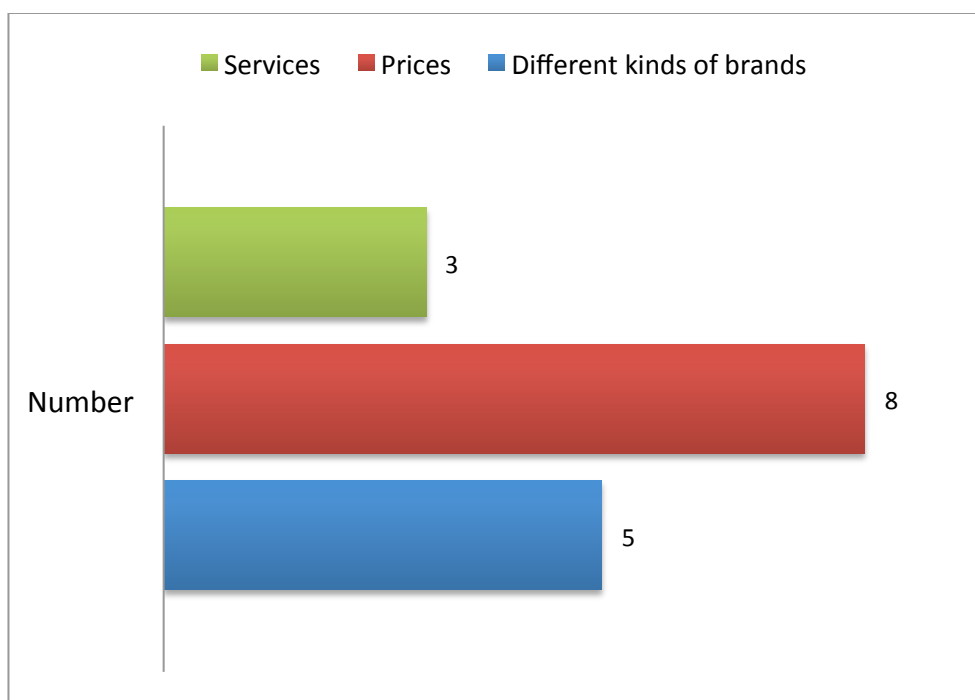


Figure 2. What are the differences between China's Wal-Mart and foreign Wal-Mart?

The design of the question two aims to learn about how much the employees working at Wal-Mart China know about the foreign Wal-Mart. Both are Wal-Marts, but there are still many differences between the two brands. The prices are the biggest difference, which are mentioned by the employees at Wal-Mart China. This indicated that the foreign Wal-Mart has cheaper prices than Wal-Mart in China. They also have better service than Wal-Mart in China.

In this issue the questionnaire survey shows that the biggest difference between China's Wal-Mart and foreign Wal-Mart is that the China-based Wal-Mart has domestic merchandise. In addition, three employees proposed that Wal-Mart is more favorable and the foreign service is more comprehensive in commodity prices.

Prices are an important point but not the most important one. What China Wal-Mart should pay attention to is the service. Customers are keen on a better shopping experience and they want to have better service with the same priced products.

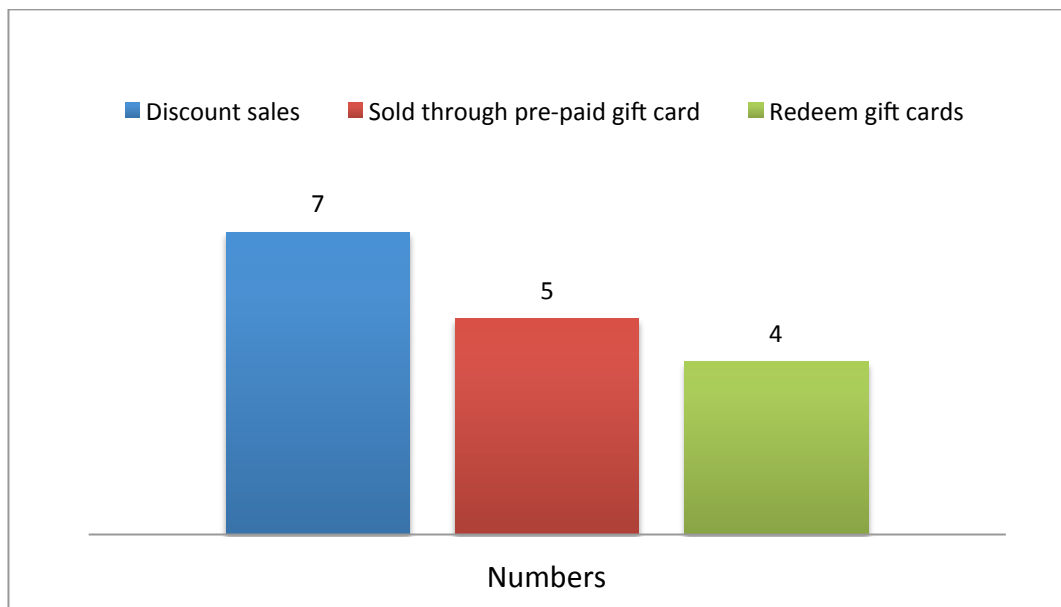


Figure 3. Which way is the best for improving selling?

In question three, the aim is to get the best way for the supermarket to improve their sales. In this issue, there are seven employees who think that the discount sales and promotion is the best way to sell, five employees mentioned selling through gift cards and four employees believe do redeem gift card is a good way to promote sales which can also have a good effect on sales.

A pre-paid gift card is a good way to gain profits from the consumers. It works so that the customer can pay 100 yuan to get a gift card with 125 yuan inside. Many customers like this method because they think they get a discount by buying the pre-paid gift card. Discount sale is one of the commonest ways used by several

supermarkets. It may offer a 50% discount of one product on one specified date. The redeem gift card is like sending gifts to the customers. For example, if you purchasing more than worth 200 yuan, you will get a redeem card and there will be gifts given after you open the card. The gifts are usually daily groceries.

To conclude, these three kinds of answers show that the staff at Wal-Mart has the knowledge, or we can say, the experiences of sales activities.

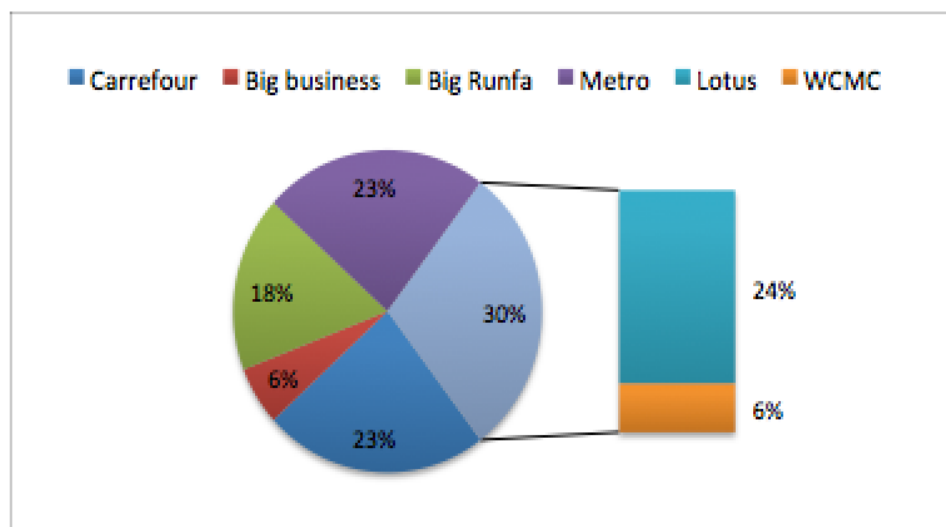


Figure 4. TOP 5 Supermarkets that are most competitive to Wal-Mart⁴¹

The design of question four aims to learn about the competitive supermarkets that the employees think against Wal-Mart. In China's retail industry, marketing competition is intense and customers have many choices. To know about your competitors is sometimes more important than any other work.

In this issue, all the employees involved in the investigation referred to Carrefour. In addition, 23% of employees mentioned the local supermarkets Metro, WCMC. These brands are all famous brands in China; to promote a brand loyalty is an essential strategy for Wal-Mart now.

With growing domestic demand and steady growth of China's economic role in boosting retail sales of social consumer goods, China's retail industry has entered a new round of economic cycle, while competition between supermarkets is also growing. Prosperity in the face of market competition, supermarkets are pushing various measures; using a variety of means of competition, hoping to be able to

have a surprising their business strategy. The situation of the competitors is one key point in gaining the marketing. (Wang, 2008)



Figure 5. How to improve the competitiveness of the Wal-Mart?

The design of question five is to make sure that how the employees of Wal-Mart think about the marketing strategy. Improving competitiveness is always the key point of one enterprise's sustainable development. Of the employees participating in the survey, six believe in increasing the number of stores to enhance competitiveness, seven mentioned efforts to increase discounts, three believe in holding more promotional activities.

Increasing the number of stores to enhance competitiveness is a common way but still includes much pre-works. For example, the location of the stores and the customers' shopping trends should be researched before constructing the new stores. Discounts can attract more customers, but at the same time you should also keep the quality of the products good. Promotional activities are always popular among people who are interested in shopping. It can stimulate peoples' psychology of shopping. People will have the desire to shop if they think they get a discount in the products they need.

The results of the question show that the employees at Wal-Mart know how to increase their competitiveness basically.

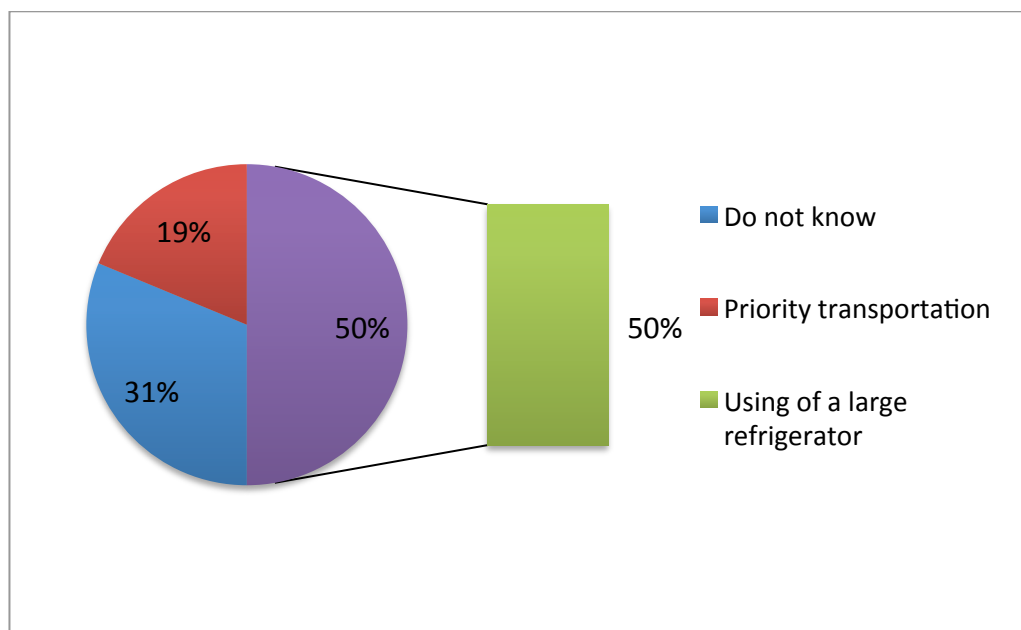


Figure 6. In logistic, what way do you choose for different kinds of goods to ensure the fresh?

Question six examines how much the employees know about the logistics at Wal-Mart. Logistic is a vital part of a retail enterprise. The freshness of the food is as important as the quality of the products. In this issue, 31% employees chose not to answer, which shows that they know little about the logistics of how to keep the food fresh during transportation, 19% employees mentioned priority transportation needs for fresh food, as well as 50% employees were referred to the use of a large refrigerator.

The employees of Wal-Mart hold general information of logistics. However there are still 31% of the employees who do not know how to keep the food fresh in the logistics process. This is what Wal-Mart should pay attention to training the employees about logistics. The employees of one company should know thoroughly about their company in order to work well in daily life.

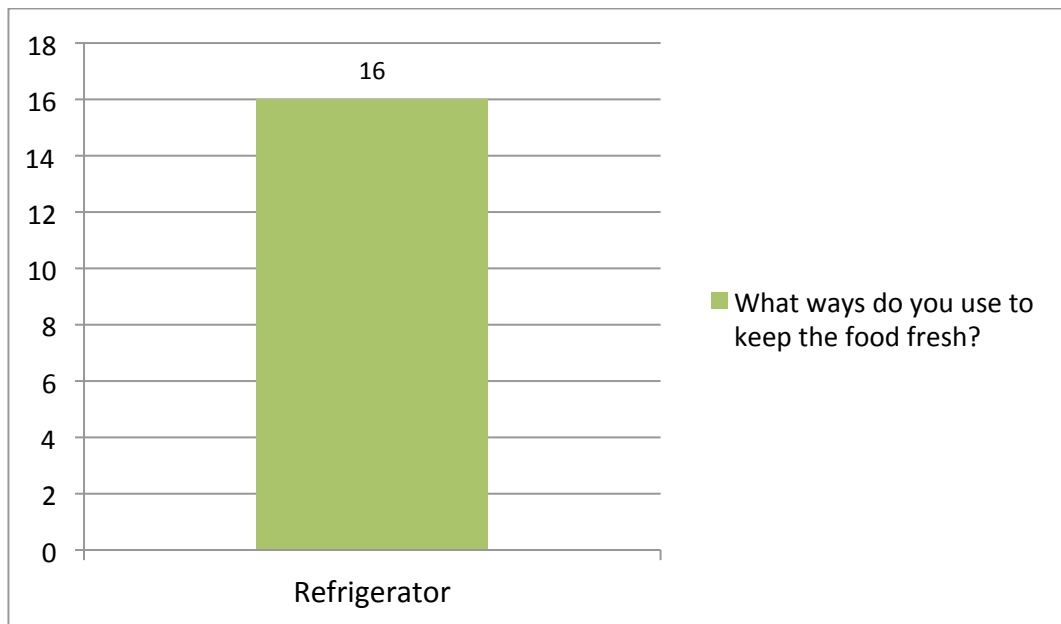


Figure 7. What ways do you use to keep the food fresh?

Question seven is related to the last question. Both of them are about the freshness of food. In the chain supermarkets, food is one main articles sold. So, keeping the food fresh is one important issue of the workers' work. In this issue, Wal-Mart employees to answer relatively consistently all mentioned that a refrigerator can improve the freshness of food. This indicates that Wal-Mart usually use the refrigerator in food preservation. In addition, there must be some other technology or skills used in keeping the food fresh, but the employees are lacking of the knowledge about this.

Similarly to the same result of the last question, the workers at Wal-Mart should strengthen their knowledge of food logistics and freshness.

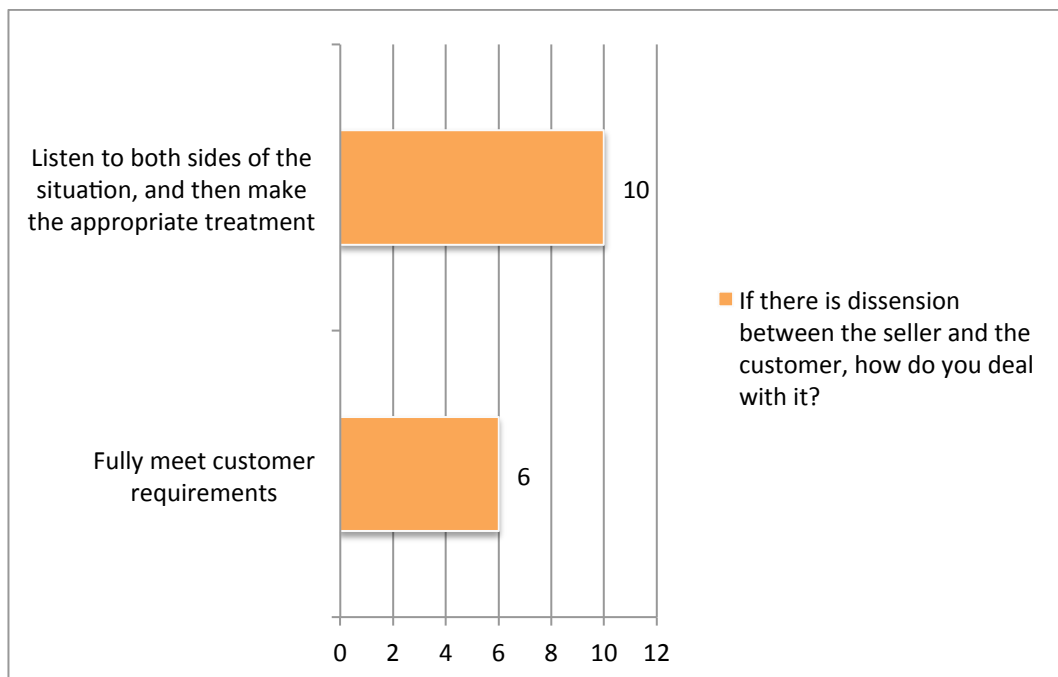


Figure 8. If there is dissension between the seller and the customer, how do you deal with it?

Question eight is related to the service in Wal-Mart. We can see the attitude of Wal-Mart's employees through the answers given. How to deal with the dissension between the seller and the customer is one normal occasion that may happen. Personality and knowledge of a person doing things determine the policy, and each person's personality and knowledge are often inconsistent, which leads to the differences in the strategy between people doing things. These differences are not effectively reconciled. It will produce conflicts. In other words, because of the way people deal with the matter, methods and attitudes on some issues and not the same degree of attention held, to a large extent it will lead to conflicts between people.

In this issue, there are 6 employees mentioned that fully meet customer requirements, the customer is god. Ten Employees mentioned listen to both sides of the situation, and then make the appropriate treatment.

In my opinion, the best way is to combine both methods that selected by the employees. Firstly, the employees of Wal-Mart should not have conflicts with their clients. You are selling something or you are helping your customer to solve the problem. It is one part of your job and you should do your job. This is the service

you provide to the customers. Whatever happens, the sellers should not have conflict with the customers. The answers of the employees show that in general they have a good attitude to the customers.

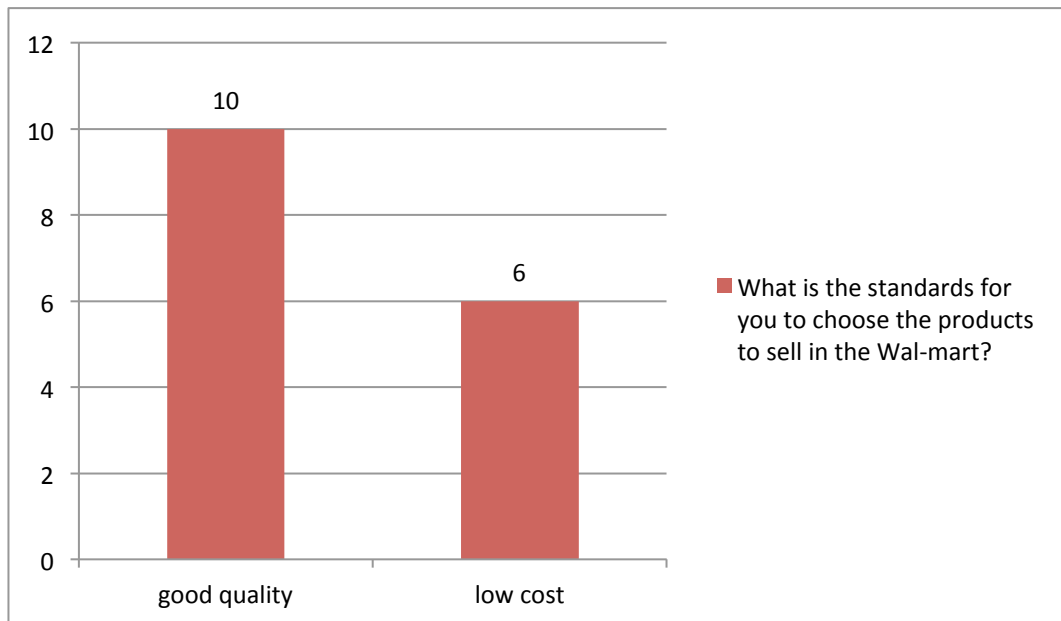


Figure 9. What is the standard for you to choose the products to sell at Wal-Mart?

In question nine, the question is about the procurement standard. Products decide whether the customers accept your supermarket or not. Every retail enterprise should pay attention to the products they provide. Some retailers prefer cheap products; they are so shortsighted that they just focus on the profit now. A smart retailer will never forget the quality of the products and the brand effect. How to keep the balance between the two is the key point of the marketing strategy.

In this issue, Wal-Mart employees answer more positive, ten propose good quality and six mention low-cost. This indicates that ten employees prefer good quality; this will decrease the profits momentarily but keep the enterprise having a sustainable development. So to develop and find out the quality-price ratio is important for the retail business.

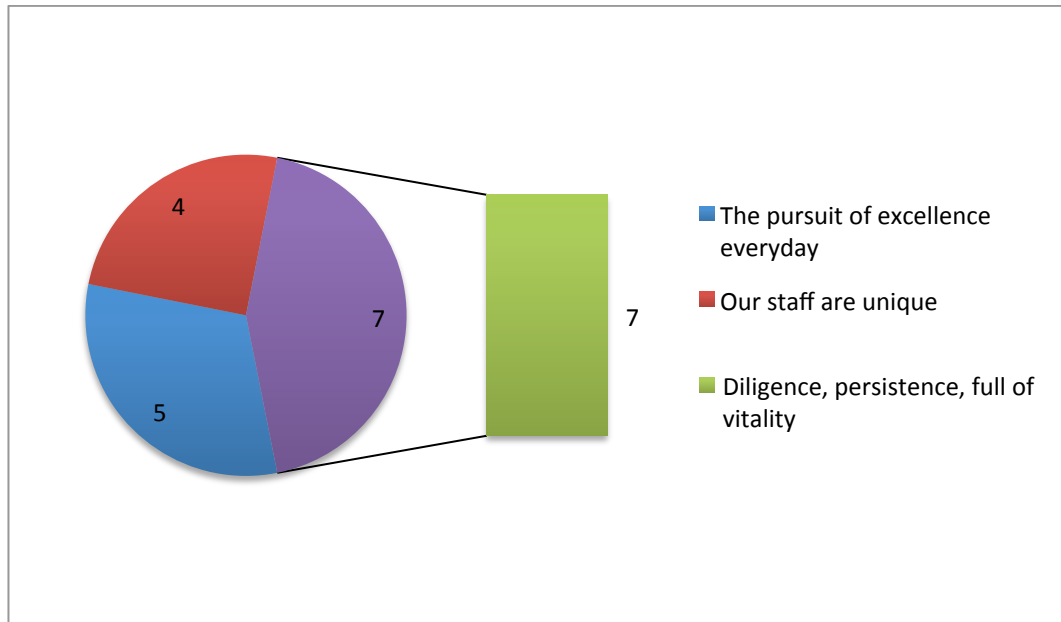


Figure 10. What is spirit of enterprise at Wal-Mart?

The design of problem ten is to know how much the employees at Wal-Mart know about their company, the company culture, the company's history and also the slogans of their company. Company culture is one of the key points of the sustainable development. The employees should have the passion in working to make their company better.

In this issue, five employees wrote, 'The pursuit of excellence everyday', four employees mentioned 'Our staff are unique', as well as seven employees referred to 'diligence, persistence, full of vitality'.

This indicates that Wal-Mart has its own effect on the employees. The employees have remembered the slogans of Wal-Mart by heart. This is a good thing. And this phenomenon can keep the workers a positive attitude to working.

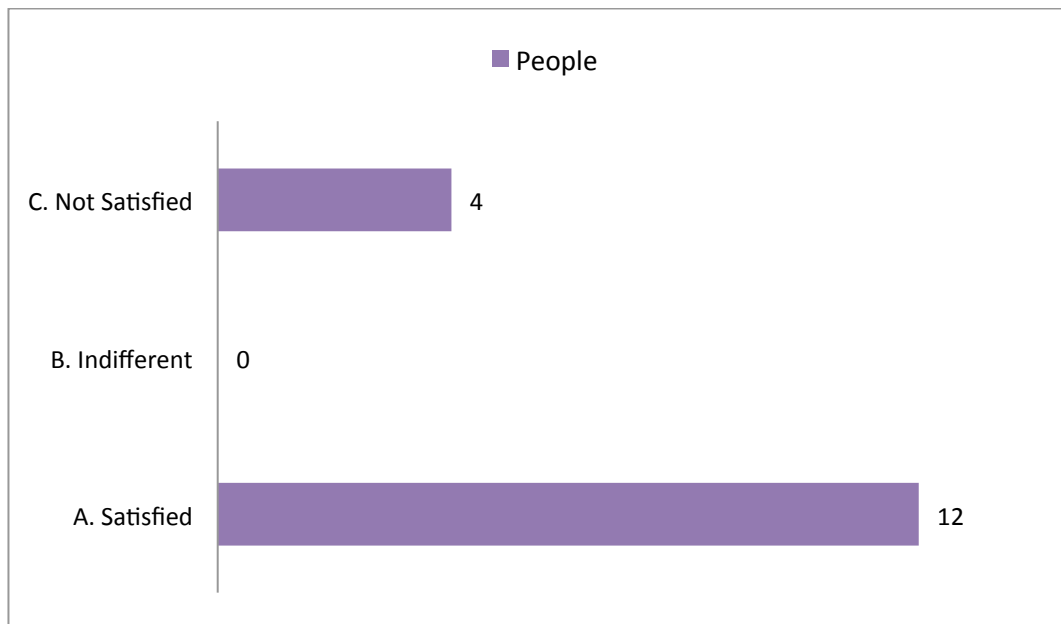


Figure 11. Are you satisfied with the wages in Wal-Mart?

In question 11 is about the satisfaction and the choices of this question are: A. Satisfied, B. Indifferent and C. Not satisfied. This problem is designed to show the satisfaction of the employees. Many factors can influence employee satisfaction, and the interconnectedness between various factors is complicated. Under different personnel and organizational context, the impact of various factors on the strength of employee satisfaction will be different, there has not been a model capable of all possible factors associated with employee satisfaction included and completes satisfaction with the explanation correlation between the factors.

A comprehensive study of each academic factors influencing employee satisfaction can be divided into individual attribute variables and internal variables. Personal property variable is the staff is demographic variables, and internal variables indicate much of the work is the satisfaction of the relevant factors, including the work itself, compensation, management equity, working conditions, interpersonal relations. In this issue, 12 employees chose A, 4 employees chose C and no one chose B. In general the answers show a positive result. Most of the employees are satisfied with their jobs. The satisfaction of their jobs can decide how much of their energy will give to work. The enterprises should try their best to increase the work satisfaction of their employees.

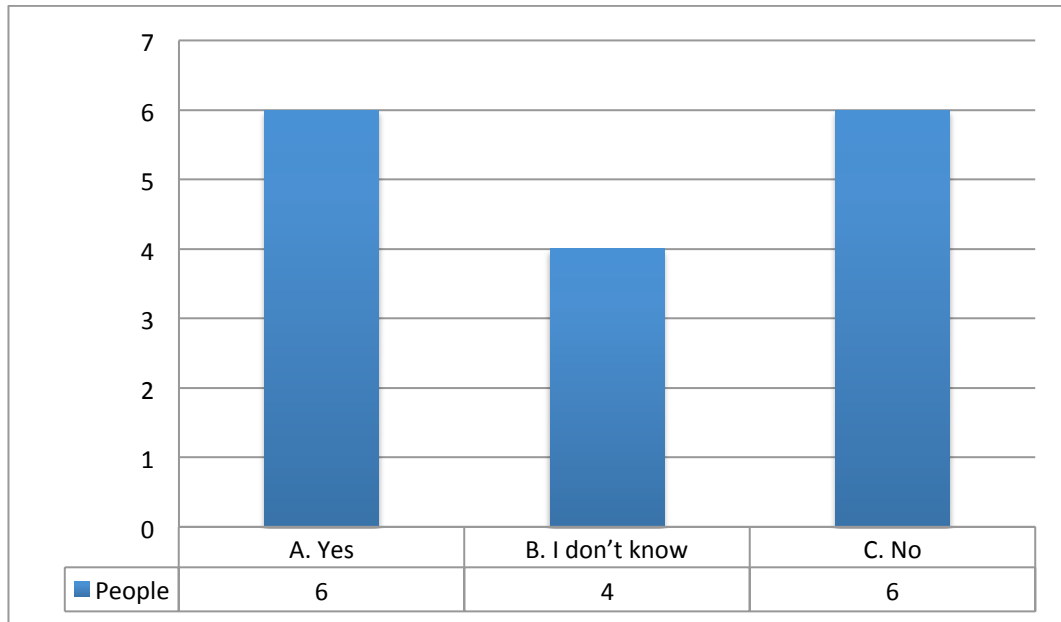


Figure 12. Do you feel pressure when working at Wal-Mart?

Question 12 examines the working pressure and the choices are: A. Yes, B. I don't know and C. No. Working pressure is dynamic and in this situation, the individual faces their desired goals related restrictions and requirements. And the results generated by this dynamic situation are considered to be important and uncertain.

Working pressures usually arise from the external environment and one's inner hopes. Moderate pressure gives people a sense of accomplishment to challenge themselves, and excessive pressure can cause anxiety, depression and psychological strengthen as well as physical ailments, such as headaches etc. Therefore, work pressure inside the culture correct must be dealt with.

In this issue, six employees chose 'have pressure', as well as six employees chose 'do not have pressure'. Four chose 'I don't know'. The results seems satisfactory because pressure is a normal feeling, everyone feels pressure about different things. The enterprise should teach their employees how to relax themselves and how to use a positive attitude to face the pressures in daily life. They should also pay attention to the psychological healthy of their employees.

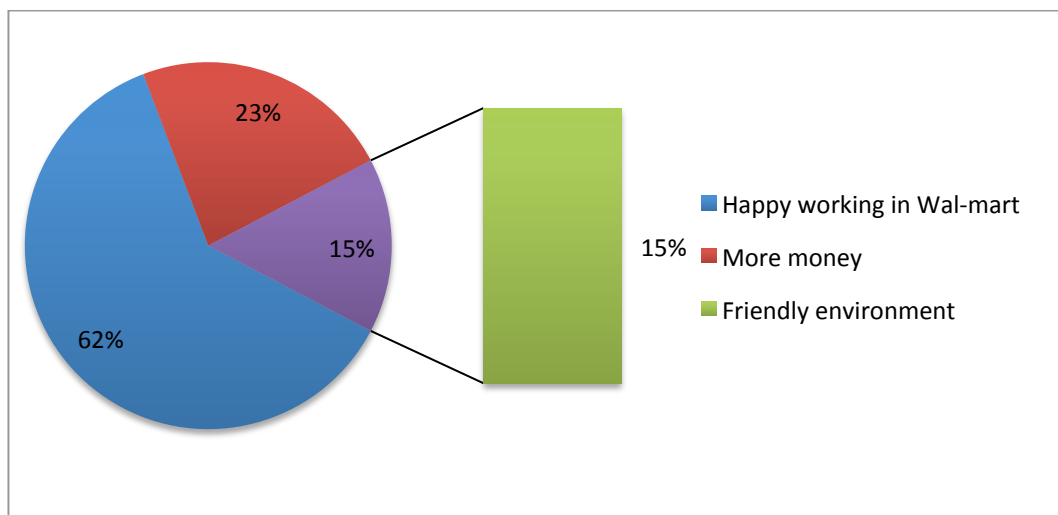


Figure 13. Why did you choose to work at Wal-Mart, rather than the other supermarkets?

The design of question 13 aims to understand why the employees would like to work at Wal-Mart, rather than some other supermarkets. All the employees mentioned that they are happy working for Wal-Mart, 23% also mentioned that Wal-Mart has higher salaries than other retail companies. 15% mentioned that the staff at Wal-Mart is friendly.

The environmental impacts of things cannot be underestimated, and people are most likely affected by the environment. Experience shows that impressive business efficiency, dynamic, corporate image in the community is very good, and the company's employees will be the envied. In such a business environment, employees work in the company because they are proud members of the corporate and there is a strong sense of identity. So, the results of good business environment impact on employees, the enterprise must be more prosperous and better social image. The employees of the company who are proud of the company will not leave easily, forming a virtuous circle.

The results of the answers show that people are keen on working in a friendly environment. Money is no longer the only thing that people are looking for. Work atmosphere including interpersonal relationships, leadership role and the degree of mental blending, a small environmental groups within a soft environment. Create a work atmosphere is building internal environment can best embody caring, respect; influence a person's management. Good ambience helps to enhance harmo-

nious relationships, improve mental level blending within the group, resulting in a huge psychological effect, to stimulate the motivation of employees to work actively to improve work efficiency. On the other hand, a negative working atmosphere can make employees feel psychological depression, lack of enthusiasm and loss of positive spirit and requirements, finally they cannot achieve the organization's goals.

The working atmosphere is more important than we think. To organize a good working environment can make employees work more efficiently. Some well-known companies have been able to built to last, the key is the ability to attract talent, and with good talent, retain talent. An excellent internal environment can provide healthy, lively and positive ambience, not only to attract talented people to join the staff, but also improve their sense of belonging. An employee in a comfortable working environment work brought him not only work satisfaction, but also spiritual pleasure. Therefore, building a good internal environment to improve the sense of belonging is very important.

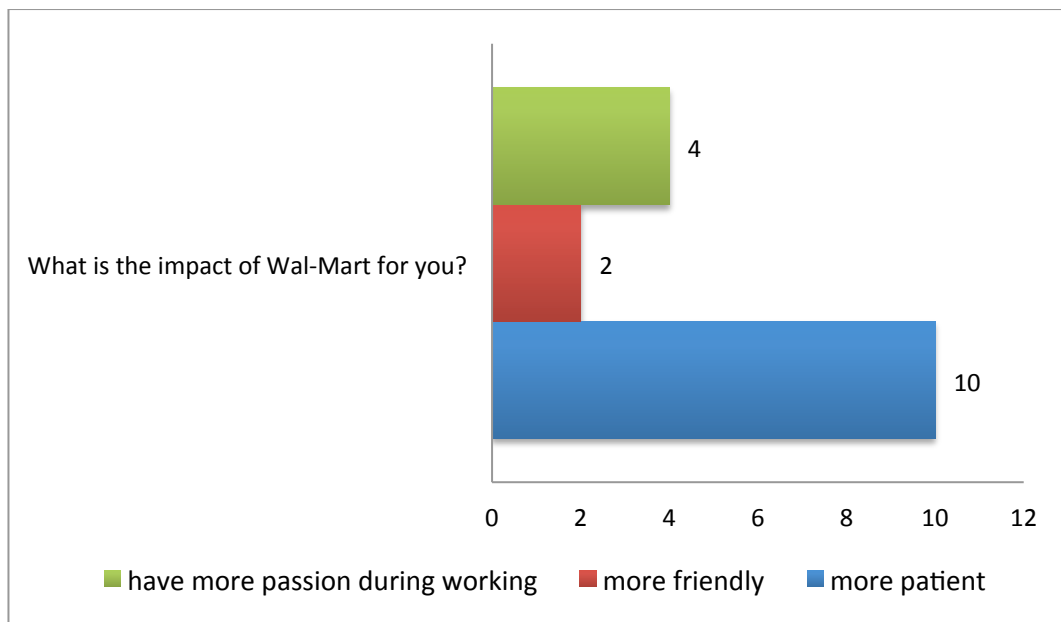


Figure 14. What is the impact of Wal-Mart for you?

The design of question 14 aims to study the influence of Wal-Mart on to their employees. This question is related to enterprise culture. Corporate culture has an important role in the enterprise. Maybe some people will think the corporate culture is just a few simple slogans, there is no effect, and if so would like to be

wrong. Enterprise culture has a great impact on employees; the lack of corporate culture in the development of the enterprise is no advantage. Enterprises in the process of development must focus on corporate culture building. Corporate culture can mobilize their enthusiasm for work, but also help to do something harder; the enterprise would have a negligible impact. If managers merely rely on their rules and regulations, by a set of rules established by their own staff to manage staff, they also could become good managers, but it is hard to be an excellent manager. Also, to know how to use their influence to guide and change the employees' manager, he does not need a lot of rules and regulations prescribed, he is the staff of the citizenry, he is the employee's supervisor, he is the business rules and employee code of conduct, which is an excellent manager.

In this issue, ten mentioned that they are becoming more patient in working. Two mentioned that they are becoming friendly and four mentioned that they have more passion for working. This indicates that the corporate culture of Wal-Mart has worked on the employees of Wal-Mart. This is a positive phenomenon.

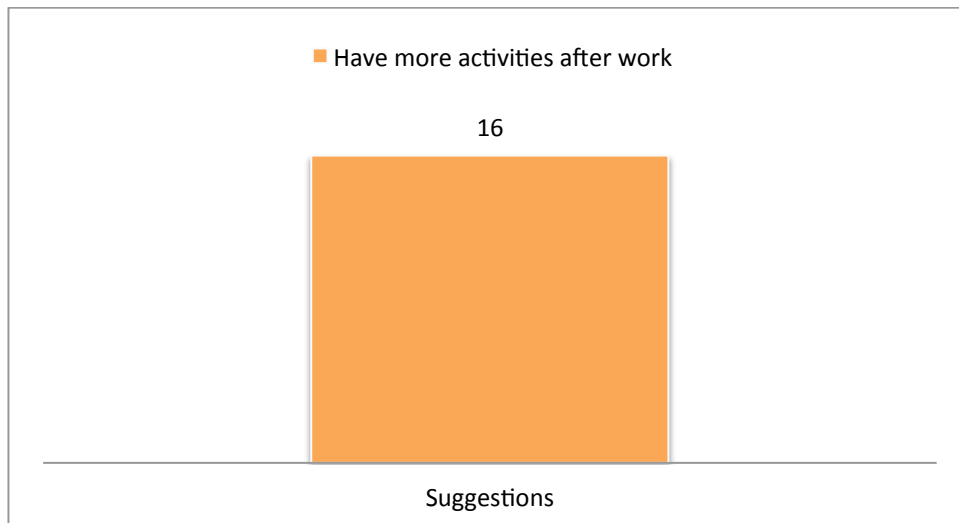


Figure 15. Do you have any suggestion for Wal-Mart's management?

Question 15 is designed to learn what the employees want to get from the Wal-Mart and what their suggestions for management are. Surprisingly no one talked about the salaries but they all required having more activities.

There are activities to make people happy. Activity is an effective carrier of corporate culture. Companies often organize a variety of activities, such as mass cul-

tural activities, sports activities, reading activities, competitions, etc., in order to mobilize the enthusiasm of employees, in order to bring happiness to employees at the same time enhance the cohesion within the company.

Some companies not only have artistic teams, sports teams, as well as radio and television, network services, business tabloids, magazines and other businesses, and often carry out such as ‘Top Ten staff’, ‘Top Ten Stories’, ‘Top Ten service’, ‘Top Ten moving moment’ and other selected activities. These mobile carriers make the corporate culture visible.

All employees mentioned that they want to have more activities that are organized by the company at leisure time. This indicates the corporate culture of Wal-Mart has influenced them deeply.

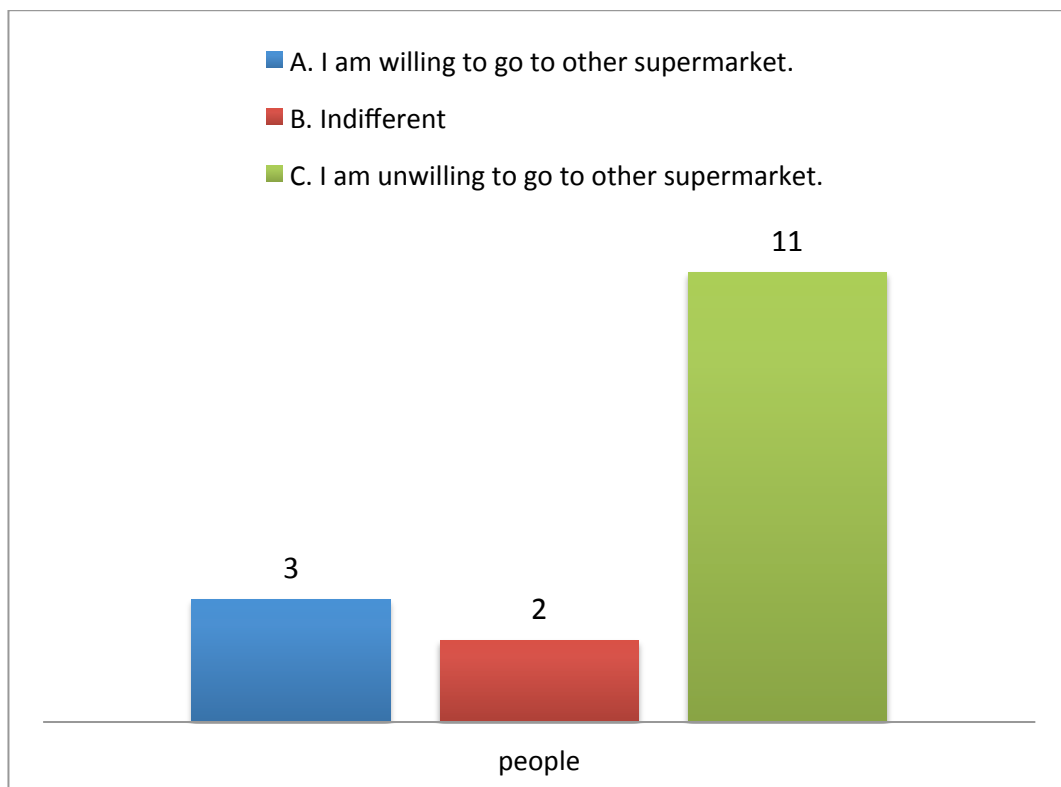


Figure 16. If you could go to the same level of other state-run supermarket with the same wage, how would you choose?

Question 16 is designed to know about the employees' sense of belonging. The choices for this question are: A. I am willing to go to another supermarket, B. Indifferent and C. I am unwilling to go to another supermarket.

The sense of belonging refers to the employees, after a period of work, in terms of ideology, psychological, emotional have a sense of fairness, a sense of security, a sense of the value of the work of mission and sense of achievement of the enterprises, these feelings ultimately internalize the sense of belonging. The formation of a sense of belonging is a very complex process, but once formed, will enable employees to produce inner self-discipline and a strong sense of responsibility, to mobilize internal driving force of its own staff and the formation of self-motivation, and ultimately produce reciprocated effect. (Liu, 2013)

In Shanghai there is a domestic chain supermarkets, after Metro opened, many employees switched to the Metro. So, the market research was done at Metro, and it was found out that the treatment of employees who switched to Metro was not better than before but the performance of these companies in their original general staff, in the Metro like a different man, trying desperately to work. In this regard, the chief baffled.

In fact, the answer is simple, because these employees from the original company switched to the Metro with a strong sense of belonging after that this phenomenon is not unique. The sense of belonging debilitating condition occurs in the process of entrepreneurship does a common problem enterprise currently exist. Staff weakened mainly enterprise belonging to two situations: First, some loss of talent, the second is no strong sense of ownership. The main reason the team manager or business issues, such as: do not put employees when the family, only the blood of the family with its own; its use was not the man not entirely their responsibility. Team leaders do not care about the basic needs of the team and its development needs; team lacks "feelings"; "just let the cows milk, not cow grazing" and so on. Of course, there are still reasons for their own aspect of employees. (Liu, 2013)

In this issue, three people chose 'they would like to work in another supermarket' and two chose 'they do not care' as well eleven chose 'they do not want to work in another supermarket'. This indicates that Wal-Mart does a good job in promoting the employees' belonging of the company. This is a positive phenomenon.

17. As a customer rather than the employee of Wal-Mart, would you choose the products at Wal-Mart? The choices of this question are A. Yes, I would, B. It does not matter And C. No, I would not.

This problem is to know how much the employees identity with their company. In this issue, all the staff members chooses they would like to buy the products from Wal-Mart showing that they have a high level of corporate identity. Corporate identity has significant value to the business. Identity can greatly reduce oversight costs, employees are not looking wink superiors to do something, but to listen to your inner voice and guidelines, then these guidelines is to unify the same values, we can achieve higher efficiency, to business benefits. More far-reaching it can turn on the power and value of the human resources deep inside.

Therefore, there is no cultural and spiritual identity of the enterprise, even if able to make money, accompany is bound to be a money machine will not survive for long, because it is the heart of the desert, and people are unable to find a long life of essential nutrients in the desert. The results show that Wal-Mart is doing a good job in employees' corporate identity.

5.2 SWOT analysis

SWOT analysis is one of the most commonly used methods analyzing of external environmental factors in the overall strategy analysis. Using this analysis gives a clear advantage (S) a comprehensive analysis of the conditions within the organization and weaknesses (W), opportunities in the external environment (O) and threats (T) of each other constraints, but also the internal and external linkages of environmental conditions make more in-depth analysis and evaluation.

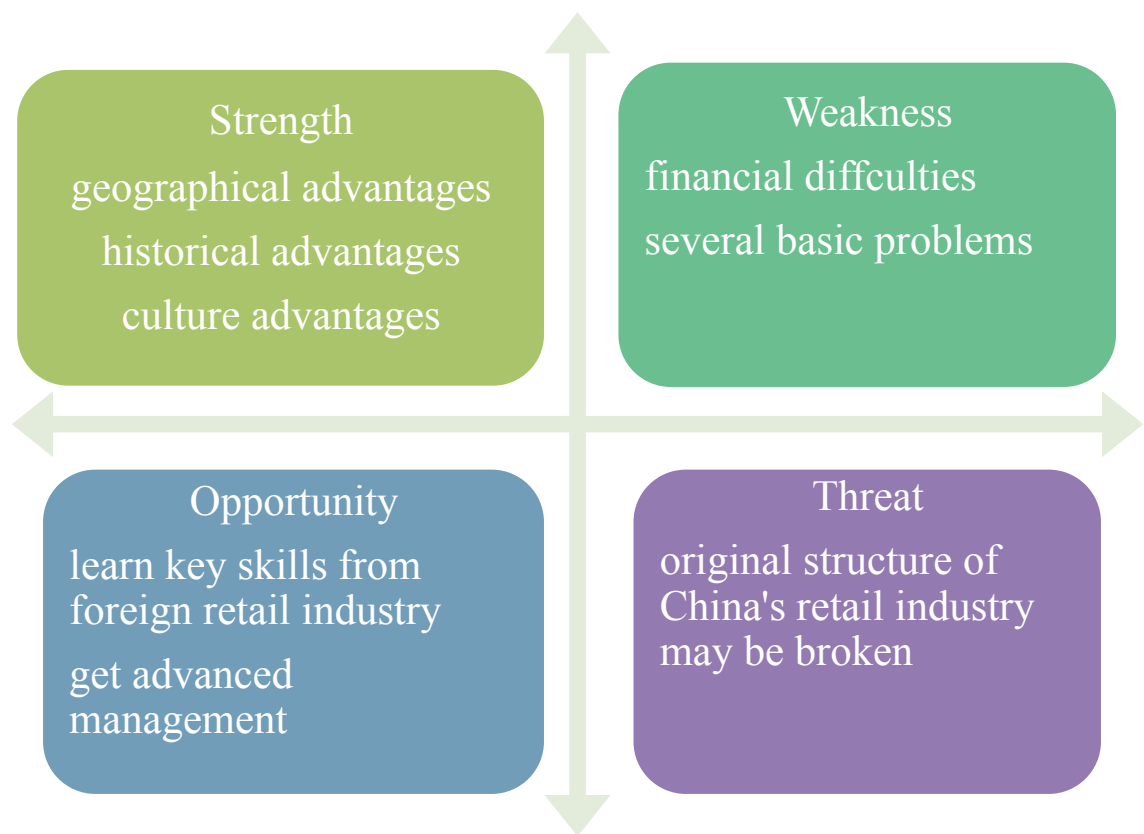


Figure 17. SWOT Analysis of the China's Retail Industry

Strength

In the retail industry, although there are disadvantages compared with two international retail giants, but China's retail industry itself has geographical advantages, history, culture and other aspects. For example, "one-stop shopping" though it meets the fast-paced modern life, people are more inclined to "shop at leisure." Thus, by appropriate policy, the strength of some local commercial enterprises can also seek enough market space for their own survival.

Weakness

Compared with the Chinese retail enterprises, foreign retail giants in the global purchasing channels, advanced management concepts, strong financial strength, a unified distribution system, the huge scale of operations, advanced business conditions etc. were obvious advantages. The Chinese retail enterprises are facing financing difficulties and weak basic problems mentioned in 2.3.

Opportunity

In terms of opportunities, large-scale foreign retail settled quickly enhances the overall level of China's retail industry. They not only bring the international advanced modern marketing methods, at the same time to give the "Technology Spillovers" effect.

Threat

With the growing competition, the Chinese original retail structure may be out-dates. First is the impact of a single store, the lack of economies of scale, and a single shop in the competitive process will be hampered everywhere.

In short, the Chinese retail industry is facing challenges and threats from foreign retail giants. Only to face reality, from strategic concept to all aspects of internal management until technology investments are fully prepared to enhance their core competitiveness in order to remain invincible in the competition.

5.3 Suggestions for China's retail enterprises to solve the problems in China's retail industry

After the interview at Wal-Mart and the questionnaire from the employees who work at Wal-Mart, I know more about the advantages of the Wal-Mart. I have concluded six suggestions for Chinese retail enterprises to take into consideration to improve the problems occurring in China's retail industry.

The problems are mentioned in the theoretical study in chapter 2.3. The problems in China's retail industry, as I mentioned before, are large-scale supermarkets lacking of local characteristics, extensive management and lack of talent, low rate of self-brand chains and low level of informationization management, retail enterprises rely on squeezing the profit of suppliers to achieve expansion and the menacing foreign retail giants. The first problem in 2.3.1 is corresponding to the first suggestion in 5.3.1, innovate business format, improving image of lacking local characteristics. The second problem in China's retail industry is about extensive management and lack of talent in 2.3.2. This problem corresponds to the second

suggestion in 5.3.2, focusing on personnel training. And the third problem in 2.3.3 is low rate of self-brand chains and low level of informationization management. This corresponds to the third suggestion in 5.3.3, constructing advanced information technology support system. The fourth problem in 2.3.4 is about retail enterprises relying on squeezing the profit of suppliers to achieve expansion. And the corresponding suggestion is in 5.3.4, restoring and strengthening the business capacity of commercial enterprises and protecting the legitimate rights of the both parties of supply and marketing. The fifth problem in China's retail industry is about the menacing foreign retail giants in 2.3.5. The corresponding suggestion is enlarging and strengthening the domestic brands and enhancing the competitive advantages in 5.3.5. The additional suggestion in 5.4.6 about suburb developing large shopping centers is given to decrease the traffic stressed in urban areas and this advice can save money for the retail enterprises in China.

5.3.1 Continuous innovate business format, improve image of lacking local characteristics

There are two ways to adjust retailing structure; one is through the market competition, to make an environment like 'survival of the fittest' choice and the gradually form a more rational market structure. In Shanghai, such as Lianhua, Hualian, agribusiness, Masaaki washing Fahrenheit pharmacies and other brand chain enterprises have spread their service into the community, even Lianhua OK networks, Darfur network and also phone orders, online shopping terminal extend their services to the community. (Du, 2013) In addition, the theme supermarkets are emerging, such as the theme of the elderly consumer supermarkets, female supermarket, children's supermarkets, students' supermarkets; themed food supermarkets, tourism supermarkets, sports supermarkets, electronics supermarkets and home supermarkets. They were designed from the targeted consumer group and fine angle, subdivided into retail formats. All these have intensified competition of the entire business between retail formats.

Secondly, by adjusting the country's macroeconomic policy to solve the problem, namely the establishment of the necessary barriers to entry in certain areas, to

promote enterprise centralized, preventing excessive dispersion of competition. August 2006 China Development Bank and SuNing Appliance signed an agreement of intent to SuNing Appliance to provide support for the initial size of the loans in the amount of 800 million yuan. This is the first time the National Development Bank to make strategic investments to private circulation. (Zhang, 2009, P75) Because SuNing Appliance is the main force have the ability to resist foreign capital controls of the China's home appliance retail industry. For the market economy is still underdeveloped country, relying solely on market forces to promote effective competition in the spontaneous formation will be slow and inefficient. We should adopt a two-pronged, combined with measures by the government to promote and guide through macro-control policies.

In addition, we must continue to explore and establish new retail formats, making new industry become a new growth point in the formats restructuring. On the one hand, we should give full play to the effects of specialty shops, department stores, supermarkets, convenience stores, general store, grocery stores and other formats. On the other hand, making the new industry become a new growth point in logistic areas. Strengthening the management of the retailing mixed operation and making retail industry structure adjustment in depth. Multi-format mixing operation started to become a way to grow for large retail enterprises.

At present, the resources of China's large-scale retail enterprises is not very sufficient, in the implementation of a combination of the forms management, with particular emphasis on trying to make the combination of various formats of target customers as close as possible to enable the various formats each other well and fully demonstrate the overall mall target customers positioned.

For the department store industry, which has been living in a dominant, position for decades. If they do not innovate, or do not change the impression of lacking local characteristics, it is difficult for them to reproduce the past glory.

5.3.2 Focus on personnel training

Development of enterprises needs talents to support. To change the relative backwardness of China's retail talent management mode, first step is to develop a rigorous selection of candidates. Collecting the relative information about functions of each job and the requirements of each job. The information about tasks, responsibilities, abilities, interests, education, experience and physical condition should all be collected, according to the information to select personnel, and to determine the standards of conduct different pay levels. Followed by retail staff training and career planning. Training in the retail sector is particularly important, because 60% of retail employees must deal directly with customers. They are responsible for meeting the customers' needs and answer their questions. (Min, 2011)

Training is one important measure to educate new employees (also the existing staff) on how to do a good job and how to improve their ability to work. Next are the scientific design salary program, incentive modes and performance evaluation mode. Retailers in the distribution system should benefit as the core enterprise, the combined liability of staff, performance and contribution as a basis for wage distribution, highlighting the benefits and employee contributions, breaking egalitarian distribution system, mobilize the staff's enthusiasm and creativity. (Zhao, 2011, P81)

The last is strengthening corporate culture. With the development of the knowledge economy and economic globalization, competition among enterprises is increasingly reflected in the competition culture. The role of enterprise culture on the survival of the enterprise and development of the enterprise are more and more important.

In the construction of corporate culture of Chinese retail enterprises, the sense of responsibility and the sense of participation of employees is necessary. In the excitation pattern of economic incentives designed to be used in conjunction with non-economic incentives (such as by spiritual encouragement, job promotion, etc.), so that employees can feel satisfied physically and mentally return to their jobs.

5.3.3 Constructing advanced information technology support system

The modern market information collection and analysis are manifestation of high technology. Consumer psychology, behavior, habits, income and even marital status are all becoming necessary reference conditions of business decisions, as well the new system, the software came into being.

The application of modern information technology in product development, product planning, sales forecasting, supply procurement and accurate pricing of all aspects are becoming an indispensable basis for decision making for operators.

With the rapid development of national information services and the opening of the use of the national economic information network, enterprise network product information, industry information network and a large number of international economic and other Internet data network have brought new opportunities for our retail business. Domestic retail enterprises should seize this opportunity and take advantage of modern network technology, master the macroeconomic information, establishing a comprehensive data base of information for consumers, while increasing investment in technology, the establishment of sales, warehousing comprehensive network intelligence system to achieve internal management automation and procurement automation.

This is the only way to cross the boundaries of time and space, allocate optimal resources inter-enterprise, mobilize different resources the company's strengths, seize opportunities and dominate the market.

In addition, China should learn from the Western retail industry, the introduction of new technology and scientific management of enterprises, such as through the establishment of a modern logistics distribution centers, and accelerate capital stock turnover; the use of a computer to manage the purchase and sale of goods, accelerate the speed of information communication; the establishment of online marketing platform, using internet-based e-commerce technology, the implementation of online advertising, online sales, online payment and settlement, online services, expand product sales.

Standardized and scientific management, logistics, business flow, information flow to achieve reunification through distribution centers, greatly improve efficiency and reduce business costs.

Therefore, China has accelerated the construction of the retail enterprise information technology to improve the operation of its e-commerce capabilities. Encouraging and guiding the large retail enterprises in the financial accounting, cost control, supply chain management, human resources management and other aspects of the use of information technology to improve the management level. While building national public business platform to integrate all kinds of business information resource, providing comprehensive services.

5.3.4 Restore and strengthen the business capacity of commercial enterprises and protect the legitimate rights of the both parties of supply and marketing

In the 1930s, the United States have also appeared the phenomenon which the retail enterprises charged various fees from suppliers, including payment of slotting allowances, increasing the proportion of discount, which made the supplier overwhelmed, and ultimately forced the whole nations' small and medium manufacturers and dealers to unite and sue in the United States federal courts. In support of Justice, contributed to the "Robinson Portman Act" (also known as "Chain Store Price Limits Law") was introduced. The Act provides, the retail enterprises which have the possible to monopolize the business market, are not allowed to get slotting allowance from the suppliers. The unreasonable special discounts from the suppliers are prohibited. Retail businesses cannot take the size of the supplier into policies. The introduction of the bill has made a historic change in US retail, and eventually put an end to the phenomenon which the retail enterprises gain profit from squeezing the suppliers. (Sun, 2010)

China's relevant departments has also issued a number management practices for the phenomenon which retail business generally charge slotting allowances to the supplier, but inadequate supervision, and no violation of the retail business is binding. And with the awakening of suppliers, the conflicts between supplier and sales intensified. Therefore, the relevant departments should learn from the prac-

tice of mature foreign bill, introduced in the legal aspects of China's "Robinson Portman Act," the establishment of Hearing System for large shopping malls charge management, regulate retail business purchase trading behavior, to eliminate the varieties of unreasonable fees to protect the legitimate rights and interests of suppliers. This also urged retail enterprises enhance the attention to the business capacity and internal competitiveness, and guide China's retail industry to embark on healthy and sustainable development.

Based on this, the government should actively cultivate the large local retail businesses to encourage the development of SMEs characteristics. Compared with developed countries, a lower degree of organization of Retail Business in China, currently only about 20%, while the United States is as high as 85%. (Kang, 2012, P69)

Therefore, we should actively cultivate the a strong influence of large local retailers, encourage competitive retail enterprises through equity participation, holding, mergers, acquisitions and the franchise, etc. and foster local group with its own brand, strong core competitiveness large retail chains. At the same time, in the support of relevant policy, retail enterprises should increase the credit input to their restructure and technological innovation. Also financial support should be provided for large the enterprise scale. (Kang, 2012, P65) Moreover, we should encourage enterprises to actively develop online retail shopping, automatic vending and other new sales to expand services and enhance the influence.

5.3.5 Strengthen the domestic brand, enhance the competitive advantages

Brand equity refers to the number of brand resources and the reliability, which increase or decrease of the asset value of a product or service, such as names, logos, products and services. Brand assets include brand loyalty, brand awareness, quality identified and brand association found. The brand is an important part of the financial price, the system value of a company. (Zhao, 2011, P86) Wherein brand has its advantages of own unique style, unified design, unified supply and unified price, products can be formed system, especially for specific customer

needs. Having a large number of own brands means mastering the effective control of commodity costs.

Own-brand products are the main source to enhance the retail profits and also an important means to enhance their own influence. Foreign supermarkets basically have their own-brand products, and rich variety of the products. Own-brand products often go hand in hand with selling merchandise. They have positive competition. China's local supermarkets are lacking of own-brand products, one reason is that the relatively small operation-size, the higher the cost of producing its own brand of goods. On the other hand, corporate brand awareness is not enough, lack of motivation to enhance profits.

In fact, due to the worldwide inflation, all consumers are beginning to set price as the most important selection factor. Own-brand products not only have low price, but also have the guaranteed quality. Own-brand products are becoming main force of consumer markets. Also retail business profit growth. Therefore, national authorities should actively encourage retailers to develop their own brand products, and to support in terms of policy measures, guide the development of Chinese retail enterprises to increase emphasis on own - brand products, and thus enhance the competitiveness of the entire industry.

5.3.6 Suburb developing large shopping centers

Due to urban center is relatively concentrated, commercial shopping tending to congregate in the city center that pose a great pressure to urban transport. With the housing development to suburbanization, guiding the large shopping center to the suburbs and attracting customers decentralized shopping will become a trend. And prices of suburban land and housing are low, which will reduce the retailers 'costs, then the retail price could be reduced. This will greatly enhance the aggregate welfare of residents. The example of foreign practices should also be followed, building a large shopping center in the suburbs, large parking lot and dining entertainment and other auxiliary facilities. (Du, 2013)

6 CONCLUSION

This thesis is about researching the foreign retail industry's impact on China's retail industry, the problems in China's retail industry and how to solve those problems in China's retail industry. The interview at Wal-Mart let me understand deeper the advanced management method at Wal-Mart as a foreign retail enterprise. In order to give the suggestions to China's retail industry, I have made a questionnaire for employees at Wal-Mart. If one enterprise wants to develop, it should learn from its competitor. Obviously, Wal-Mart is one of the strongest competitors to China's domestic retail enterprises. Due to these reasons, I choose Wal-Mart as the case company.

The limitations of the study are the opinions are most based on the Chinese point of view. Not much foreign reference can be used in this thesis. The research is just limited in China and the case company is Wal-Mart China. Therefore, the results and the suggestions are only suitable for China's retail industry.

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APPENDICES

Questionnaires of internal employees in Chinese

沃尔玛内部员工问卷调查

- 1.顾客会选择沃尔玛而不是别的超市的原因是什么？
- 2.中国的沃尔玛跟国外的沃尔玛有什么区别？
- 3.促进销售最好的方法是什么？
- 4.列出你认为对沃尔玛最有竞争的五个超市？
- 5.如何提高沃尔玛的竞争力？
- 6.在物流方面，哪些方法是你们选择的可以保证食品的新鲜的？
- 7.你们选择什么方法为食品保鲜？

8.如果销售人员和客户发生争执，管理会如何处理？

9.你们选择在沃尔玛售卖的物品的标准是什么？

10. 为什么会选择在沃尔玛工作

11. 沃尔玛企业精神是什么？

12. 对沃尔玛的工资感到满意么？

- A. 满意
- B. 无所谓
- C. 不满意

13. 在沃尔玛工作，感到有压力么？

- A. 有压力
- B. 没感觉
- C. 没有压力

14. 沃尔玛对于你的影响是什么？

15. 对于沃尔玛的管理，有什么建议？
16. 如果薪资相同，可以选择去别的相同等级国营超市工作，你会如何选择？
- A. 愿意
 - B. 无所谓
 - C. 不愿意
17. 如果作为一名顾客而不是沃尔玛的员工，你会选择沃尔玛的商品么？
- A. 会
 - B. 无所谓
 - C. 不会

Questionnaires of internal employees in English

Questionnaire

1. “Which are the reasons you think customers choose Wal-Mart instead of another supermarket?”
2. What are the differences between China’s Wal-Mart and foreign Wal-Mart?
3. Which way is the best for improving selling?
4. List the top 5 supermarkets that you think are the most competitive to Wal-Mart
5. How to improve the competitiveness of the Wal-Mart?
6. In logistic, what way do you choose for different kinds of goods to ensure the fresh?
7. What ways do you use to keep the food fresh?
8. If there is dissension between the seller and the customer, how do you deal with it?
9. What is the standard for you to choose the products to sell in the Wal-Mart?
10. What is spirit of enterprise in Wal-Mart?
11. Are you satisfied with the wages in Wal-Mart?
 - A. Satisfied
 - B. Indifferent
 - C. Not satisfied

12. Do you have pressure when working at Wal-Mart?

A. I have pressure

B. I don't know

C. I do not have pressure

13. Why did you choose to work at Wal-Mart, rather than the other supermarkets?

14. What is the impact of Wal-Mart for you?

15. Do you have any suggestion for Wal-Mart's management?

16. If you can go to the same level of other state-run supermarket with the same wage, how would you choose?

A. I am willing to go to other supermarket.

B. Indifferent

C. I am unwilling to go to other supermarket.

17. As a customer rather than the employee of Wal-Mart, will you choose the products in Wal-Mart?

A. Yes, I will.

B. It does not matter.

C. No, I will not.